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**A SURVEY OF UNBUNDLED NETWORK ELEMENT PRICES
IN THE UNITED STATES
(Updated January 1, 2002)**

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The Telecommunications Act of 1996 (the Act) envisioned three paths to local service competition: resale of an incumbent's service; overbuild of separate competitor facilities; and leasing of unbundled elements of the incumbent's network.¹ Under the Act and Federal Communications Commission (FCC) regulations, states were empowered to arbitrate disputes between carriers on the prices of unbundled network elements (UNEs).² Most states rendered initial UNE pricing decisions in the 1997-1998 time period. Subsequent FCC decisions on geographic deaveraging of UNE loop prices³ and Section 271 proceedings on regional Bell operating company (RBOC) requests to provide interLATA services have resulted in reexamination of UNE rates in many states. A number of these proceedings are still on-going.

In order to compare the results of five years of state oversight of UNE pricing, in the spring of 2001 a survey was conducted of UNE prices in all fifty states and the District of Columbia. Data contained in the survey came from state commission, FCC and RBOC web sites, supplemented with phone and e-mail contacts with state commission personnel.⁴ The UNE

¹47 USC 251.

²47 USC 252; 47 CFR ' 51.501 - 51.515.

³47 CFR ' 51.507(f); In re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Ninth Report and Order and Eighteenth Order on Reconsideration* (rel. Nov. 2, 1999) at paragraph 120.

⁴ A listing of useful websites is set forth at the end of this report.

prices presented in the survey are for the incumbent RBOC in each state, except where noted.⁵

This survey has been updated to incorporate changes in UNE rates and end-user charges as of January 1, 2002.

Table 1 presents the actual UNE rates and their billing basis: per line, per minute, per mile, etc. Rates are presented for unbundled loops, switching, line port and transport. Where a state has deaveraged loop prices into geographic zones, these zone prices are presented along with a statewide average loop price, if available. States which have deaveraged loop rates or have otherwise substantially changed UNE rates since the last survey update are indicated in bold type on Table 1.

State transport rates were the most difficult to present in an easily comparable manner. Transport rate structure varies widely from state to state, and the need for particular transport elements depends on the network architecture in an area served by a competitor. In order to present complete information, but at the same time reduce complexity, the transport rate column typically was limited to rates for tandem switching and common transport.

In order to translate the different rates in different states to a common basis for comparison -- in other words, to present an apples-to-apples comparison B the UNE rates for loop, switching and line port for each state were converted to monthly dollar amounts and added together to derive a monthly per line basic UNE platform (UNE-P) price.⁶ Per minute switching

⁵A list of company acronyms used in the survey is presented in the Appendix at the end of this introduction.

⁶While in most instances it is necessary to also purchase unbundled transport in order to have a basic UNE platform capable of supplying local service, state transport rates were too variable to reduce to monthly dollar figures. **The reader is cautioned that the total monthly UNE prices presented in Appendix 2 and Tables 2 - 4 do not contain a cost for transport.**

rates were converted to dollar amounts by assuming monthly switching usage of 1000 minutes per line. In states with on-peak/off-peak switching rates, or originating/terminating switching rates, the 1000 minutes were allocated 50/50. In states with day/evening/night switching rates, the 1000 minutes were allocated 50/30/20. In states with per call or set-up rates, it was assumed there were 100 calls per month.

Tables 2 - 4 compare the total monthly UNE price in each state to three different benchmarks of the local market in that state. **Table 2** compares the total monthly UNE price in each state to the average monthly per line revenue in that state. The per line revenue is limited to basic service revenues and end-user charges⁷ and is taken from the FCC's latest State by State Revenue Report.⁸ In the last column for each state in Table 2, the total UNE price is expressed as a percentage of the average per line revenue in that state. In states with deaveraged loop or port prices, the percentage changes for each cost zone.

Table 3 compares the total monthly UNE price in each state to the average monthly per line residential rate in that state. These residential rates are taken from the latest FCC rate survey⁹, adjusted for changes in monthly rates caused by the FCC's CALLS and MAG

⁷While it can be argued that winning a line will provide a competitor with access to all of the revenues produced by that line -- such as long distance and internet revenues B these other revenue sources were not included since costs to provide these other services were not considered in the survey.

⁸Table 5, State by State Telephone Revenues and Universal Service Data, FCC Common Carrier Bureau, IAD (April 2001); <http://www.fcc.gov/ccb/stats/STREV-99.PDF>.

⁹Table 1.3, Reference Book on Rates, Price Indices and Expenditures for Telephone Service, FCC Common Carrier Bureau, IAD (June 1999); <http://www.fcc.gov/ccb/stats/REF99.PDF>.

decisions.¹⁰ In the last column on Table 3, the total UNE price is expressed as a percentage of the residential rate in that state.¹¹

Table 4 compares the total monthly UNE price in each state to the average monthly per line business rate in that state. These business rates are also taken from the latest FCC rate survey, adjusted for CALLS and MAG. In the last column on Table 4, the total UNE price is expressed as a percentage of the business rate in that state.

Appendix 2, Page 1, shows the derivation of UNE-P prices for the RBOC in each state using average rates for loops, ports and switching.¹² Page 1 also shows the weighted national average rate for each element. The weighting is based on the number of access lines served by each RBOC. **Appendix 2, Page 2**, sorts the data shown on page 1. The average loop rates and UNE-P rates for the RBOC in each state are ranked from highest to lowest cost.

As mentioned earlier, the UNE rates presented in this survey are subject to change. At least one state B Wisconsin B still has a proceeding underway to develop deaveraged loop prices. Many other states are still working on permanent UNE rates. The expected increase in Section

¹⁰As a result of CALLS, the ceiling for residential and single-line business federal subscriber line charges (SLC) for RBOCs was increased to \$5.00 per month on July 1, 2001. The MAG Order raised the SLC for rural companies to \$5.00 per month effective January 1, 2002. Local companies were also authorized to begin charging a monthly per line fee on end users to recover contributions to the federal universal service fund (USF). This fee now averages approximately 504 per month, and is subject to quarterly adjustment. The USF surcharge and SLC for each company are shown in Appendix 1.

¹¹It should be noted that most of the cities used in the FCC's rate surveys are larger cities, typically falling in the lowest cost UNE loop zone in each state. It would be useful to augment the survey with representative residential and business rates for areas falling in the higher cost zones in each state.

¹² When weighted averages for deaveraged port and switching rates were not available for a particular state, arithmetical averages were used for that state.

271 filings during the next two years may also result in further changes in UNE prices. Since April 2001 the National Regulatory Research Institute (NRRI) has acted as a national clearinghouse for maintaining updated, accurate UNE pricing information for each of the states. State commissions that change UNE prices or that detect erroneous information in any of the tables in this survey are urged to contact Ed Rosenberg of NRRI at **rosenberg.19@osu.edu** or Billy Jack Gregg at **bjgregg@compuserve.com**.

USEFUL WEBSITES

BellSouth
Tariffs and
Notifications: <http://cpr.bellsouth.com>

BellSouth
interconnection
information: http://interconnection.bellsouth.com/become_a_clec/html/interconnection.html

Qwest SGATs: <http://www.qwest.com/about/policy/sgats>

SBC
interconnection
agreements: <https://clec.sbc.com/UNRESTR/INTERCONNECT>

Verizon-East
wholesale
resources: <http://128.11.40.241/east/wholesale/resources/resources.htm>

Links to every
state
commission
website: <http://www.naruc.org/resources/state.html>

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APPENDIX 1

Acronyms Used in UNE Rate Comparisons

Companies

ACS	ACS of Fairbanks
AIT	Ameritech
ATU	ATU Telecommunications (now ACS Anchorage)
BS	BellSouth
SBC	SBC
USW	US West (now Qwest)
VZ	Verizon

Other Terms

Avg	Average
BRA	Base Rate Area
MOU	Minutes of Use

Subscriber Line Charge and Federal Universal Service Surcharge As of January 1, 2002

<u>Company</u>	<u>USF Surcharge</u>	<u>SLC</u>
ACS	\$0.34	\$5.00
AIT Illinois	\$0.35	\$4.45
AIT Indiana	\$0.39	\$5.00
AIT Michigan	\$0.38	\$5.00
AIT Ohio	\$0.38	\$5.00
AIT Wisconsin	\$0.28	\$5.00
ATU	\$0.34	\$5.00
BS	\$0.50	\$5.00
SBC	\$0.47	\$5.00
SBC California	\$0.42	\$4.40
SBC Connecticut	\$0.54	\$5.00
SBC Nevada	\$0.50	\$5.00
USW	\$0.56	\$5.00
USW Iowa	\$0.56	\$4.82
USW Minnesota	\$0.56	\$4.89
VZ	\$0.54	\$5.00
VZ DC	\$0.54	\$3.81

Weighted Average UNE Rates for RBOCs in Each State

<u>State</u>	<u>Average Monthly Loop Rates</u>	<u>Port Rates</u>	<u>Switching Rates</u>	<u>Basic UNE-P</u>	<u>Access Lines</u>
Alabama	\$19.04	\$2.07	\$1.70	\$22.81	2,008,385
Arizona	\$21.98	\$1.61	\$2.80	\$26.39	2,932,088
Arkansas	\$13.09	\$1.61	\$1.84	\$16.54	1,069,214
California	\$11.70	\$2.88	\$2.50	\$17.08	18,755,730
Colorado	\$20.65	\$1.15	\$2.83	\$24.63	2,867,692
Connecticut	\$12.49	\$3.31	\$7.15	\$22.95	2,527,459
D.C.	\$10.81	\$1.55	\$3.00	\$15.36	924,593
Delaware	\$12.05	\$2.23	\$2.78	\$17.06	598,874
Florida	\$15.81	\$1.62	\$0.88	\$18.31	6,798,389
Georgia	\$16.51	\$1.85	\$1.63	\$19.99	4,376,539
Idaho	\$25.52	\$1.34	\$2.90	\$29.76	561,707
Illinois	\$9.81	\$5.01	\$0.00	\$14.82	6,953,854
Indiana	\$8.20	\$5.34	\$3.44	\$16.98	2,285,207
Iowa	\$20.15	\$1.15	\$2.13	\$23.43	1,122,068
Kansas	\$14.04	\$1.61	\$1.84	\$17.49	1,454,785
Kentucky	\$20.00	\$2.61	\$2.56	\$25.17	1,258,957
Louisiana	\$17.31	\$2.55	\$2.10	\$21.96	2,418,203
Maine	\$17.53	\$2.04	\$5.48	\$25.05	724,630
Maryland	\$14.50	\$1.90	\$3.80	\$20.20	3,924,291
Massachusetts	\$14.98	\$2.00	\$3.30	\$20.28	4,527,199
Michigan	\$10.15	\$2.53	\$1.19	\$13.87	5,436,081
Minnesota	\$17.87	\$1.08	\$1.81	\$20.76	2,354,431
Mississippi	\$21.26	\$2.11	\$2.38	\$25.75	1,356,519
Missouri	\$15.19	\$2.11	\$2.19	\$19.49	2,749,726
Montana	\$27.41	\$1.45	\$2.90	\$31.76	381,611
Nebraska	\$15.79	\$1.37	\$4.13	\$21.29	510,773
Nevada	\$19.83	\$1.63	\$1.61	\$23.07	389,199
New Hampshire	\$17.99	\$2.22	\$7.92	\$28.13	801,344
New Jersey	\$9.52	\$0.73	\$2.64	\$12.89	6,692,681
New Mexico	\$20.50	\$1.38	\$1.11	\$22.99	860,898
New York	\$11.49	\$2.50	\$2.75	\$16.74	11,869,385
North Carolina	\$15.88	\$2.19	\$1.70	\$19.77	2,594,816
North Dakota	\$19.75	\$1.27	\$2.50	\$23.52	215,193
Ohio	\$7.01	\$4.63	\$3.23	\$14.87	4,103,686
Oklahoma	\$14.84	\$2.25	\$2.86	\$19.95	1,737,875
Oregon	\$15.00	\$1.26	\$1.33	\$17.59	1,451,229
Pennsylvania	\$13.81	\$2.67	\$1.71	\$18.19	6,395,835
Rhode Island	\$13.93	\$4.15	\$2.74	\$20.82	660,645
South Carolina	\$17.60	\$1.65	\$1.05	\$20.30	1,528,085
South Dakota	\$21.09	\$1.84	\$3.47	\$26.40	276,180
Tennessee	\$14.92	\$1.89	\$0.80	\$17.61	2,754,858
Texas	\$14.15	\$2.90	\$2.12	\$19.17	10,369,492
Utah	\$16.46	\$0.94	\$2.62	\$20.02	1,152,656
Vermont	\$14.41	\$1.03	\$4.00	\$19.44	360,411
Virginia	\$13.60	\$1.30	\$3.10	\$18.00	3,681,236
Washington	\$18.16	\$1.34	\$1.20	\$20.70	2,587,662
West Virginia	\$24.58	\$1.60	\$7.24	\$33.42	871,569
Wisconsin	\$10.90	\$3.71	\$3.45	\$18.06	2,186,698
Wyoming	\$25.65	\$1.53	\$3.75	\$30.93	258,704
TOTAL	\$13.91	\$2.42	\$2.36	\$18.68	144,679,342

Loop and UNE-P Rates for RBOCs in Each State
Sorted by Weighted Average Rates

<u>State</u>	<u>Average Monthly Loop Rates</u>	<u>State</u>	<u>Average Monthly UNE-P Rates</u>
Montana	\$27.41	West Virginia	\$33.42
Wyoming	\$25.65	Montana	\$32.72
Idaho	\$25.52	Wyoming	\$30.93
West Virginia	\$24.58	Idaho	\$29.76
Arizona	\$21.98	New Hampshire	\$28.13
Mississippi	\$21.26	South Dakota	\$26.40
South Dakota	\$21.09	Arizona	\$26.39
Colorado	\$20.65	Mississippi	\$25.75
New Mexico	\$20.50	Kentucky	\$25.17
Iowa	\$20.15	Maine	\$25.05
Kentucky	\$20.00	Colorado	\$24.63
Nevada	\$19.83	North Dakota	\$23.52
North Dakota	\$19.75	Iowa	\$23.43
Alabama	\$19.04	Nevada	\$23.07
Washington	\$18.16	New Mexico	\$22.99
New Hampshire	\$17.99	Connecticut	\$22.95
Minnesota	\$17.87	Alabama	\$22.81
South Carolina	\$17.60	Louisiana	\$21.96
Maine	\$17.53	Nebraska	\$21.29
Louisiana	\$17.31	Rhode Island	\$20.82
Georgia	\$16.51	Minnesota	\$20.76
Utah	\$16.46	Washington	\$20.70
North Carolina	\$15.88	South Carolina	\$20.30
Florida	\$15.81	Massachusetts	\$20.28
Nebraska	\$15.79	Maryland	\$20.20
Missouri	\$15.19	New York	\$20.06
Oregon	\$15.00	Utah	\$20.02
Massachusetts	\$14.98	Georgia	\$19.99
Tennessee	\$14.92	Oklahoma	\$19.95
Oklahoma	\$14.84	North Carolina	\$19.77
New York	\$14.81	Missouri	\$19.49
Maryland	\$14.50	Vermont	\$19.44
Vermont	\$14.41	Texas	\$19.17
US Average	\$14.18	US Average	\$18.95
Texas	\$14.15	Florida	\$18.31
Kansas	\$14.04	Pennsylvania	\$18.19
Rhode Island	\$13.93	Wisconsin	\$18.06
Pennsylvania	\$13.81	Virginia	\$18.00
Virginia	\$13.60	Tennessee	\$17.61
Arkansas	\$13.09	Oregon	\$17.59
Connecticut	\$12.49	Kansas	\$17.49
Delaware	\$12.05	California	\$17.08
California	\$11.70	Delaware	\$17.06
Wisconsin	\$10.90	Indiana	\$16.98
D.C.	\$10.81	Arkansas	\$16.54
Michigan	\$10.15	D.C.	\$15.36
Illinois	\$9.81	Ohio	\$14.87
New Jersey	\$9.52	Illinois	\$14.82
Indiana	\$8.20	Michigan	\$13.87
Ohio	\$7.01	New Jersey	\$12.89